

EXHIBIT 4

Do Buyers Pay Real Estate Agent Commissions? | REX Blog

by Eric Rothman

In bringing fresh eyes and ears to the business of buying and selling houses, we often hear from [traditional real estate agents](#) about the incredible “value” they offer customers.

At the same time, these agents tell buyers not to worry about the 2.5-3% commission they typically charge because the seller will pay the cost on their behalf. That, however, isn't entirely true. The truth of who pays the commission can be tricky to explain, which is why it's no surprise some agents will attempt to simplify things by telling buyers that the seller covers the fees.

So, the question is...

Who Pays the Buyer's Agent Commission?

SPOILER ALERT – home buyers, it's you!

In a traditional real estate transaction, a seller's agent will list their client's home on what's called the Multiple Listing Service (MLS) with a pre-determined buyer's agent commission (usually 2.5-3%) included in the listing. This is essentially a “finder's fee,” used to incentivize agents to bring their clients to the seller's home. Including the 2.5-3% the seller is already paying their own agent, that means a full 6% of the sale price goes straight into the pockets of agents.

Here's where things get complicated...

While the buyer's agent commission is technically paid for by the seller, that expense is factored into the asking price. Let's say a seller determines that they need to get \$470,000 for their current house in order to break even and have enough left over to cover the moving expenses and [down payment](#) on their new home. When factoring in the 6% the seller will inevitably dole out in agent commissions, that \$470,000 listing price suddenly turns into \$500,000 – paid for by the buyer.

So, not only do agent commissions result in the buyer paying an inflated purchase price, but the extra \$30,000 gets bundled into their mortgage as well, meaning they continue to pay more in interest and taxes *every single year* they own the home.

If you think about it, that extra 2.5-3% ends up being a really big deal over time.

How Buyer Agent Commissions Add Up Over Time

Let's walk through it.

Imagine you buy a \$500,000 home. The typical agent commission would be 6%, or \$30,000, split between the buyer's and seller's agent. If you took away the 3% due to the buyer's agent, [your new home](#) would cost \$485,000.

That \$15,000 difference equates to \$42 a month over the course of a 30-year mortgage. Tacking on an average interest rate, that \$15,000 turns into \$27,000 over the life of the loan. That equals \$75 per month with interest included. Ouch.

Still think buyers don't pay agent commissions?

Maybe a better question would be: how would you feel if you had to cut a \$75 check to your real estate agent every month for the next thirty years?

That's more than double the monthly cost of Netflix or Spotify for the whole family, and those services will probably bring you a lot more enjoyment.

What Exactly is the Buyer's Agent Being Paid For?

Before the internet, buyer's agents had to pull home listings for their clients, drive them around on home tours, price every home based on comps, and handle all of the offer and closing paperwork manually. With the majority of today's buyers preferring to search for homes on their own, traditional real estate agents now spend the majority of their time marketing themselves and showing homes to potential clients who might never move forward with an offer.

The 2.5 – 3% buyer's agent commission you pay mostly helps to cover their losses rather than the time they spend actually helping you [get an offer accepted](#) and close on the home.

To put it simply, buyer's agents' work has evolved, but their fees haven't.

Are Agent Fees Negotiable?

Agent fees are always up for negotiation, and it never hurts to ask! While there's no guarantee every agent will be willing to adjust their fees, some brokerages, like [REX](#), have taken that step already through initiatives like [cash back programs](#) and waiving the buyer's agent commission on their [home listings](#).

It's important to note that some agents have more flexibility to negotiate their commission than others. For example, brokerages may have a minimum they require their agents to hold out for. And agents whose companies take a percentage of every commission may be less willing or able to negotiate.

Additionally, some transactions lend themselves to negotiating more than others. A dual agency sale is a sale in which one agent represents both the seller and the buyer, and this is one such occasion where you might be able to negotiate. A common tactic used by sellers is to ask a listing agent if they will agree to lower their commission if they end up representing both the seller and the buyer. Furthermore, if you're selling multiple properties at one time, you might be able to

negotiate a reduction in the agent's fee in exchange for the right to exclusively list the properties.

By contrast, high volume agents or those who have a "lock" on a particular market might be less open to negotiating their fees.

REX gives you cash back when you buy a home. [Learn more.](#)

If You're Confused about Real Estate Agent Commissions, You're Not Alone

If you are still a little unclear on how typical agent commissions work, you're in good company. A [recent survey of potential home sellers](#) found that nearly 45% didn't know their "listing fee" included a buyer's agent commission.

And at 6% of the total home cost, sellers in the United States pay by far the highest average residential real estate commissions in the world.

On top of that, the National Association of Realtors (NAR), which represents more than 1.3 million Realtors, has enacted a series of anti-competitive policies – including making agent commissions non-negotiable to brokers who want to put their listings on the MLS – to prevent competitors from offering consumers lower transaction fees. A recently-filed [class-action lawsuit](#) accuses NAR of implementing rules that cost buyers and sellers "thousands in excessive commissions paid on each sale."

Insurance broker, travel agent, financial planner, match-maker – all of these professions have seen fee disruptions as a result of technological advancement and online competition. Yet, real estate agent commissions have largely stayed the same. This is even as more and more home buyers shop for, and eventually find, their homes online.

This scenario is one of the many reasons we started REX.

REX Offers Lower Agent Commissions for Buyers and Sellers

REX is the first brokerage built from the ground up to be [customer focused, not agent focused](#). By organizing ourselves differently, using technology to create a smarter process, and removing the need for buyers to work with an outside agent, REX is able to charge a flat 2-2.5% fee to sell your home – with no additional buyer agent commission required.

By removing the obligation to pay two agent commissions for a single transaction, we save our customers an average of \$10,435 off their home sales – while also helping them find additional savings on [mortgage](#), escrow, title, and [insurance](#). And, we work hard to give you a better experience while helping you hold on to that money.

With REX, you don't just hire an agent. Your agent is backed by an entire team of experts working prep and market your home, opens doors for buyers, and [help you](#)

[sell](#) more efficiently with one dashboard to track your listing, tours, offers, paperwork, and all the steps to complete the transaction. As a buyer, you get a fully licensed, dedicated agent to represent your interests through the entire process. You also have access to some of the industry's most competitive mortgage rates through [REX Home Loans](#).

REX measures their agents' performance by the people they make happy—not the commission they bring in. If you are looking for a more cost-effective, efficient, and customer-focused way to [buy or sell your home](#), we are here for you.

Have questions? We would love to help! Give us a call at [855-342-4739](tel:855-342-4739).

Here are some other articles you may enjoy:

- [REX vs. Traditional Real Estate Agents](#)
- [Ask These Questions Before Choosing a Real Estate Agent](#)
- [22 Questions to Ask a Mortgage Lender](#)
- [5 Reasons Real Estate Needs Disruption](#)
- [How Savvy Home Buyers Win in a Seller's Market](#)